

A first assessment of the Climate Conference in Lima – COP20 moves at a snail's pace on the road to Paris 2015

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Introduction

The annual Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC 1992) and the Kyoto Protocol (COP20/CMPI0) in 2014 took place in Lima, Peru, from 1–12 December 2014. Its significance must be assessed in the light of preparing the next annual conference in November–December 2015 in Paris, which is supposed to deliver a comprehensive climate agreement according to the Durban Platform formulated 2011.

In the run-up to the conference some developments had taken place that seemed to change the dynamics of the process. Most importantly, the usual roles of the EU versus the US and China were somehow reversed: the Union adopted comparatively modest climate policies that fell short of the level of ambition expected, whereas China and the US in a surprise bilateral move had announced plans that exceeded expectations. Notwithstanding the fact that these plans were non-binding and not ambitious enough to keep emission levels below a safe level, the two largest polluters did appear to represent the spearhead of climate protection. This certainly lent much more credibility to the approach those countries advocated, which is characterised by voluntary contributions instead of legally binding commitments. It was also the first time ever the two largest polluters presented such a major joint initiative, marking a widely applauded departure from their historical finger-pointing.

The mood of most negotiators was therefore slightly upbeat when they arrived in Lima. The Climate Summit initiated by UN Secretary General Ban Ki-moon in September had demonstrated that climate change ranked among the top priorities in world affairs. And the accompanying climate march in New York, which had attracted 400,000 people from all over the United States, had sent a clear signal that people in the US were expecting their government to play a positive role in the negotiations. The continued urgency of tackling climate change decisively was underlined by the 5th Assessment Report of the Intergovernmental Panel on Climate Change (IPCC).²

Furthermore, the initial capitalisation of the Green Climate Fund had almost reached the aimed-for target of at least 10 billion US\$. All these developments pointed to a constructive conference in Lima, putting the negotiations on a firm track towards adopting an agreement in Paris 2015.

However, after the first week in Lima it became clear that COP20 would not enter the history of climate diplomacy as one of the more constructive meetings. The conference was, despite the US/China announcements, characterised by a continuing deep division between key players and groups from the former so-called 'developed' and 'developing' world (enshrined in the division of Annex I and non-Annex I countries of the UNFCCC). This became apparent especially in the discussions on differentiation and the role of 'loss and damage' in the forthcoming agreement, which pitted – as it did in the very old days – logger-headed negotiators from each group against each other. The negotiations thus took 32 hours longer than planned and ended on Sunday morning at 1.22 am – a considerable prolongation even for seasoned negotiators. More importantly, the conference failed almost completely to resolve the tasks it was supposed to do in order to prepare the last round of negotiations before COP21 in Paris in 2015.

In the final hours of Sunday morning the conference thus adopted the 'Lima Call for Climate Action' and attached as an Annex the 'Elements for a Draft Negotiating Text' that had been the subject of intense negotiations.³ The conference did so without narrowing down the considerable number of multiple options, thus leaving the negotiators with a formidable task to resolve these over the next year. In the following sections we will provide a first, quick and not comprehensive overview and assessment of the most important issues under negotiation, a more detailed report on the Institute website will follow in February 2015.

Negotiating a new climate agreement

The Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) was at the centre of the negotiations since it aims to develop 'a protocol, another legal instrument or agreed outcome with legal force under the

¹ This article is reproduced here with kind permission of Dr Hermann E. Ott, Senior Advisor for Global Sustainability and Welfare Strategies, and all authors. It was first posted on the Institute website on 17 December 2014 http://wupperinst.org/uploads/tx_wupperinst/lima-results.pdf.

² Published November 2014 <http://www.ipcc.ch/report/ar5/>.

³ Decision -/CP.20 'Lima Call for Climate Action' http://unfccc.int/files/meetings/lima_dec_2014/application/pdf/auv_cop20_lima_call_for_climate_action.pdf.

Convention applicable to all Parties', which is to be adopted at next year's conference in Paris and to be implemented from 2020. Several key issues needed to be clarified in Lima, in particular how exactly countries will participate in the new agreement, the differentiation among countries and transparency. The 2013 conference in Warsaw had decided that countries should submit their intended nationally determined contributions (INDCs) to the Paris agreement early in 2015, but had failed to provide further guidance.

The Lima conference was therefore tasked with providing guidance on the scope of INDCs, what information countries would be required to provide alongside their INDCs to enable their assessment, whether there would be an international review of the INDCs prior to the adoption of the Paris agreement and what this assessment would look like. In addition, the Lima conference was supposed to develop a first draft of a negotiating text for the new agreement.

However, only very few of those tasks were actually completed in Lima due to disagreements over the respective roles of the so-called 'industrialised' and 'developing' countries, which has plagued the climate regime from the beginning. The traditional industrialised countries (listed in Annex I of the UNFCCC) have been keen to break down the so-called 'firewall', the clear distinction between Annex I and non-Annex I countries (traditionally 'developing countries') that is laid down in the Framework Convention of 1992. They argue that this distinction is outdated since many non-Annex I countries are nowadays wealthier than many of the traditional industrialised countries and that their contribution to global emissions has also grown rapidly. By contrast, in particular the 'group of like-minded developing countries (LMDCs)', which includes China and India, some other Asian countries such as Pakistan, OPEC countries such as Saudi Arabia as well as the left-leaning Latin American countries such as Bolivia and Venezuela, have so far strongly resisted any explicit or implicit dissolution of the traditional distinction between the Annexes. They have maintained that Annex I countries should continue to take the lead since they are the ones who caused the climate problem, even nowadays have much larger economic resources to do something about it, and have in the view of the LMDCs so far mostly failed to do their duty in terms of reducing their own emissions and in providing support to non-Annex I countries.

In Lima, this traditional divide once again came to the fore in a number of ways. Industrialised countries had held that contributions should only address mitigation and that all countries should be obliged to offer a mitigation contribution. By contrast, many developing countries posited that INDCs should also include adaptation and financial, technology and capacity building support from industrialised to developing countries. They argued that the need to adapt to the mounting impacts of climate change was substantially taxing their resources, which were consequently not available for emission reduction actions, and recalled Article 4 of the Convention, according to which efforts by developing countries depended on the extent to which industrialised countries fulfilled their commitments to provide

support. Many developing countries also demanded specification of volumes and timetables for financial support, which industrialised countries rejected pointing to the budgetary prerogative of their parliaments. Industrialised countries for their part demanded that the donor base should be broadened and that all countries in a position to do so should provide financial support to poorer countries. While the Alliance of Small Islands States (AOSIS), the Least Developed Countries (LDCs) and the Association of Independent Latin American and Caribbean States (AILAC) agreed with industrialised countries that mitigation should be central to all countries' INDCs, the LMDCs maintained that non-Annex I countries should be allowed to offer only adaptation contributions.

A second issue on which the divide between LMDCs and most industrialised countries came to the fore was information requirements for reporting INDCs: What kind of accompanying information would countries need to submit alongside their intended contribution in order to allow other countries (and the public in general) to assess the INDCs? And, equally important, whether there would be an assessment phase for the submitted information under the UNFCCC in the run-up to Paris? The latter would be important in order to assess whether the sum of the INDCs would be sufficient to keep the world below the 2°C target and whether individual countries' INDCs constituted a fair share. The LMDCs posited that the information requirements for industrialised and developing countries should be differentiated and rejected any international assessment of developing countries' contributions. Most Annex I countries outside the EU suggested a short review phase which would not be expected to significantly change the proposed contributions. AILAC, AOSIS, the EU and the LDCs proposed a more detailed ex-ante review to assess if individual INDCs a countries' fair share of the overall effort and whether they were collectively sufficient to achieve the below 2°C target. Already in Warsaw the African Group had proposed an assessment based on a principle-based equity reference framework to review the adequacy of the proposed contributions in terms of ambition, equity and fairness.

A further issue was whether particular groups of countries should be required to adopt particular types of contributions. Developing countries demanded that industrialised countries should adopt legally binding economy-wide emission reduction targets along the lines of the Kyoto Protocol. Industrialised countries in turn maintained that all major economies should be required to adopt economy-wide targets, though in case of non-Annex I countries these might be intensity-based rather than absolute targets, and that over time all countries should aspire to adopting economy-wide absolute targets. AOSIS also stressed the importance of mandatory mitigation contributions for all major emitters. Brazil tried to find a middle ground by submitting a proposal for 'concentric differentiation'. Brazil envisaged a system of concentric circles, with Annex I countries placed in the middle adopting economy-wide absolute emission targets, and other countries placed in outer circles depending on their respective responsibilities and national capabilities and adopting intensity-based

targets, targets defined as a deviation from business as usual, per capita targets, or individual actions.⁴

Further controversies revolved around the timeframe of contributions. The EU, China and others argued that contributions should have 2030 as the target date, highlighting the need to give long-term certainty to investors and the effort required to prepare contributions. By contrast, AILAC, AOSIS, the LDCs, and the USA alongside with civil society groups organised in the Climate Action Network called for five-year cycles in order to prevent a lock-in of low ambition.

A further contentious issue was the scope of the 2015 agreement. Developing countries requested to treat adaptation and mitigation equally in the new agreement, some of them suggested language on legal parity of the two topics. In particular AOSIS and the LDCs – the countries most vulnerable to the impacts of climate change – also requested specifically to reference loss and damage from climate impacts that cannot be addressed by adaptation as a stand-alone item (see also the section on loss and damage below). Industrialised countries were willing to accept language on the crucial importance of adaptation but rejected language on parity with mitigation. They also continued to maintain their past position that loss and damage should be addressed in the context of adaptation instead of being treated as a separate element. Industrialised countries are afraid that any opening of the loss and damage issue might ultimately lead to being legally required to pay compensation to developing countries for their past GHG emissions and have hence tried to keep the profile of this issue as low as possible.

As so often in the past, the decision finally adopted by the conference was pared down to a bare minimum to avoid issues of disagreement. The decision once again urges developed countries to provide and mobilise enhanced financial support. Instead of urging other countries in a position to do so to also provide support, as Annex I countries had demanded, the decision only 'recognises complementary support by other Parties'.

Elements for a draft negotiating text are annexed to the decision and run to 39 pages with many alternative options. The next ADP meeting (Ad Hoc Working Group on the Durban Platform for Enhanced Action) in February 2015 will now have the task of turning this into a formal negotiating text, which can be formally communicated to all Parties before May 2015. This is the deadline for the adoption of a Protocol at the Paris conference six months later – if a Protocol is the route Parties eventually decide to follow. As noted above, the Durban Platform also leaves open the option to adopt 'another legal instrument or agreed outcome with legal force'.

On loss and damage developing countries did not get what they were fighting for since it is not listed as one of the elements of the Paris agreement. Instead, the decision

only welcomes the progress made towards implementation of the Warsaw 'International Mechanism for Loss and Damage associated with Climate Change Impacts' (more see below).

As regards the scope of the INDCs, in addition to mitigation all Parties are explicitly invited to consider including an adaptation component in their INDCs. The decision does not require developed countries to also include financial commitments in their INDCs.

Concerning the level of the submitted INDCs, each Party's INDC is supposed to 'represent a progression beyond the current undertaking of that Party'. This formulation is aimed at installing a ratchet mechanism, where contributions are continually strengthened – and to prevent backsliding behind Parties' current pledges. However, the Annex with the upfront information requirements did not survive. The decision now only contains one paragraph with some specifications. Instead of requiring Parties to provide the listed information, the language is now formulated in a non-binding manner ('information to be provided by Parties . . . may include'), and the subsequent list is much less detailed than the lost Annex. The list does not require a common timeframe, is less specific on coverage, assumptions and methods, and does not require information on the intended use of markets nor specifications for the treatment of land use, land-use change and forestry.

The decision also does not foresee any international assessment of individual INDCs. Only the aggregate level of effort will be assessed, in a synthesis report to be prepared by the Secretariat by 1 November 2015. Since this is only one month before the Paris conference, any subsequent changes to the INDCs are highly unlikely.

Enhancing short-term ambition before 2020

In some contrast to the rather entrenched negotiations on a new climate agreement outlined above, the atmosphere in this part of the negotiations was much more constructive. The two 'workstreams' for the negotiations had been the result of a compromise at COP17 in Durban (2011): developing countries had agreed to the negotiating of a new 'comprehensive' climate agreement under the Convention for the time after 2020 (Workstream 1) – comprehensive meaning that it would not only apply to industrialised countries. Different from the Kyoto Protocol this agreement would entail contributions by all countries, varying only in their content but not in their legal form. On the other side of the bargain, industrialised countries had agreed to negotiations on how to increase the ambition of their own mitigation commitments for the time before 2020 (Workstream 2).

Hence, Workstream 2 (WS2) started out as a process mainly to negotiate new and increased mitigation commitments for Annex I countries. Urging for a rapid ratification of the second commitment period of the Kyoto Protocol became a second task that was frequently put forward by developing countries. This process so far has not been particularly successful: not one developed country has increased its mitigation commitment when compared to what had been communicated in the Cancún Agreements

4 Views of Brazil on the 'Elements of the New Agreement under the Convention Applicable to All Parties' November 6 2014 http://www4.unfccc.int/submissions/Lists/OSPSubmissionUpload/73_99_130602104651393682-BRAZIL%20ADP%20Elements.pdf.

back in 2010. On the contrary, some countries such as Japan and Australia have backtracked from earlier commitments.

However, as a kind of compensation for this failure, the nature of this Workstream has changed significantly and some novel aspects to the negotiations have been added. WS2 has become a forum of open exchange with a strong push also for developing countries to increase their pre-2020 mitigation ambition. With extensive rounds of technical expert meetings (TEMs), WS2 has established a mode of collaboration new to the UNFCCC process – a mode which also allows actors from the sub-national level to contribute their experiences.

The big questions for the meeting in Lima were the following: would the innovative form of collaboration within WS2 continue? And would it be possible to advance from the exchange of information to a more action-oriented approach, ie would it be possible to synthesise the outcome of the TEMs and translate them into policy options that are actually taken up by parties?

Given that the Paris agreement will probably not be sufficient to drive down greenhouse gas emissions to levels compatible with the 2°C limit (let alone 1.5°C), a significant mitigation gap will persist not only before 2020 but also thereafter. The necessity to continue the efforts for closing this gap was apparent to all parties and they therefore agreed to renew the mandate for the technical examination process. Some parties suggested that the mandate should be provided until 2017 only. But finally, the ADP reached a conclusion to provide for a mandate to continue the technical examination process between 2015 and 2020, but with an annual review of the progress of the process.

Equally important for a constructive continuation of the technical examination process is the more specific mandate that parties provided for the TEMs. Until now, TEMs had been very broad in content. In Lima parties agreed to build on the results of earlier TEMs, to go into more detail and to 'focus on actionable policy options'.⁵ Furthermore, the technical examination process will coordinate with other existing activities such as the Technology Executive Committee, the Climate Technology Centre and Network (CTCN), the Durban Forum on capacity-building, the CDM Executive Board and the operating entities of the Financial Mechanism (GCF Board). This allows to make use of synergies and focuses the support, through the various mechanisms, on those instruments that have been highlighted by the technical examination process thus ensuring a proliferation of best practice.

The decision also includes provisions for the last stage in the process: implementing mitigation activities. Parties agreed to ask the UNFCCC Secretariat to compile a synthesis of the policy options including a summary for policy makers. The idea is to formulate concrete policy options that can then be picked up by policy makers and implemented in their respective national contexts.

To encourage this kind of political action, parties encouraged the Executive Secretary and the President of the Conference of the Parties to convene an annual high-level event on enhancing implementation of climate action. COP President Pulgar-Vidal had hosted a first such event in Lima. The event included contributions from a wide range of stakeholders including a speech from the Secretary General of the United Nations. Other contributions included civil society representatives, sub-national governments and business representatives. The variety of contributions was exceptional for a formal UNFCCC high-level event.

In contrast to the lack of progress with respect to the post-2020 agreement, discussions under Workstream 2 can be considered more successful. The continuation of the TEMs and an improved focus towards implementation is a very positive development. Negotiations under the UNFCCC lag dramatically behind the reality. Positive developments such as the enormous digression of prices for renewable energy technologies and their strong uptake not only in industrialised but increasingly in emerging and developing countries is a dynamic that has not yet spilled over into the hallways of the COP venue. It is therefore more urgent than ever to short-cut the feedback loops of this outside dynamic. An improved and continued Workstream 2 could well be a place at which the positive experiences with climate change mitigation can create resonance within the UNFCCC regime and create a momentum for more ambitious mitigation commitments.

Loss and damage

In 2013, shortly before the COP, super-typhoon Haiyan wreaked havoc in the Philippines, destroying about one million houses and killing more than 7,000 people. This year, in the first days of the climate conference, one million people fled from typhoon Hagupit into the hills in order to escape the forces of nature. It served as a stark reminder that adaptation to the unavoidable impacts of climate changes is, besides mitigation, the second pillar of the climate regime. And many developing countries meanwhile demand that the compensation of loss and damage due to climate change is recognised as a separate, third pillar. As it becomes increasingly unlikely that the world will stay below a 2°C temperature rise (annual mean globally), the question of who pays for the impacts is gaining more and more relevance.

COP19 last year in Warsaw had adopted the 'Warsaw international mechanism for loss and damage associated with climate change impacts' (WIM). COP20 in Lima approved the two-year workplan that had been developed in the meantime and decided on the permanent structure and composition of the Executive Committee of the WIM. It will be composed of 10 members from Annex I countries (traditionally those providing the financial resources) and 10 members from other countries. Demands for a majority of seats for developing countries suffering from the impacts of climate change were not successful.

But the main fight over the issue of loss and damage concerned the demand of developing countries, especially

⁵ Decision -/CP.20, Lima Call for Climate Action, §19.

the AOSIS and the most vulnerable countries, to include loss and damage into the workplan for the Paris agreement next year. This turned loss and damage into a crunch issue in the final hours and was resolved by way of a typical compromise: the issue is not mentioned in the operative paragraphs of the Lima 'Call for Climate Action' nor in the 'elements' paper attached to it, but instead found its way into the preambular paragraphs of the Lima Call ('... welcoming the progress (on the issue) made in Lima ...'). The press release of the LDC Group after COP20 makes clear that this reference is regarded as a 'clear intention that the protocol, another legal instrument or an agreed outcome with legal force to be adopted in Paris will properly, effectively and progressively address loss and damage in these respective legal options'.⁶ Some major struggles appear to be looming ahead before and in Paris next year ...

Finance

Financing climate actions and low-carbon development is regularly a major point of contention within the climate negotiations. With developed countries having jointly committed to mobilising US\$100 billion per year starting in 2020, expectations on deliverance are understandably high in developing countries. However, a definite roadmap for upscaling current levels of funding was hoped for in order to strengthen trust that such levels of funding would be reached within the required timescales.

Pledges made to the Green Climate Fund (GCF) at a high-level conference convened by UN Secretary-General Ban Ki-Moon had amounted to slightly below US\$10 billion. The GCF had originally called for countries to pledge up to US\$15 billion as initial funding for the GCF's initial period (2015–2018), but had lowered its call to US\$10 billion in September. During the second week in Lima, more countries came forward to the GCF with finance pledges. With about US\$10.2 billion by 27 countries, pledges now exceed the target the GCF had aimed for. In an unprecedented move, seven developing countries have also pledged funding for the GCF: Peru, Panama, Colombia, Mexico, Indonesia, South Korea and Mongolia.

Another positive note was struck by Germany. While in 2013 the Adaptation Fund had struggled to collect US\$100 million to be able to continue its operation, in Lima Germany at one stroke contributed three quarters of this year's US\$80 million fundraising target.

However, to think that this would be a sign of a breakdown of the 'firewall' between developed and developing countries in commitments would prove to be very wrong. Developed countries held their ground to keep any mention of a roadmap for upscaling climate finance to the envisioned US\$100 billion out of the decision on long-term finance – a major disappointment for developing countries hoping for a reassurance that promised finance would actually be forthcoming.⁷ Developed countries' biennial

update reports on upscaling climate finance could be used to define elements of a pathway, but the language is weak.⁸

Within the negotiations on finance elements in the Paris agreement, the divisions between the country groupings remained. Negotiators speaking for the Like-Minded Developing Countries, the African Group, and the G77/China strongly opposed calling for 'all' countries to mobilise climate finance. Negotiators for developed countries, including the EU and the US, stressed the need to reflect evolving capabilities and responsibilities of all countries. This kind of polar opposition between standpoints will certainly be very hard to resolve in the continuing negotiations for a Paris deal.

Monitoring, reporting and verification

Some positive developments regarding the monitoring, reporting and verification (MRV) of Parties' efforts can be reported from the multilateral assessments of Annex I parties' pre-2020 mitigation efforts as part of the International Assessment and Review (IAR). With the aim of increasing transparency as well as comparability, the historic first session assessing developed countries' first Biennial Review reports took place on Saturday and Monday, 6 and 8 December. In total, the European Union and 16 developed countries were assessed (Austria, Croatia, Cyprus, Denmark, Finland, France, Italy, Latvia, Luxembourg, The Netherlands, New Zealand, Portugal, Spain, Sweden, Switzerland and the United States).

After a brief overview of the country's efforts regarding the mitigation of emissions and progress towards their emission reduction targets, Parties had the opportunity to pose questions to the presenting country. This opportunity was taken up by many Parties and most questions could be answered to the satisfaction of the questioner. At some points in the session, however, Parties criticised a lack of detail regarding the information provided and Brazil stressed that the use of different metrics across countries complicated the comparison of the countries' efforts.

Nevertheless, before and after the session, Parties as well as observer organisations stressed the importance of the multilateral assessments in building confidence and trust among Parties for future negotiations on the 2015 agreement.

Carbon markets

The negotiations on future carbon markets came to virtual standstill in Lima. A group of countries led by Brazil and China blocked any further discussions on the issues of the new market mechanism (NMM) and the framework for various approaches (FVA),⁹ arguing that negotiating

⁶ <http://ldclimate.wordpress.com/2014/12/14/ldc-group-statement-at-closing-of-cop-20/>.

⁷ Decision -/CP.20 Long-term climate finance.

⁸ *ibid* §10.

⁹ For an introduction to these items, see W Sterk, C Arens, L Hermwille, N Kreibich, F Mersmann, T Wehnert 'Warsaw Groundhog Days. Old Friends, Positions and Impasses Revisited All Over Again at the 2013 Warsaw Climate Conference' (2013) Wuppertal: Wuppertal Institute for Climate, Environment and Energy).

concrete modalities and procedures for the NMM and defining the scope and purpose of the FVA would effectively prejudge an outcome of the ADP process on a future climate agreement. Without a clear mandate as to what role market-based mitigation instruments will play under the new agreement, these countries were not prepared to continue discussions. This position was strongly contested by others, including the EU, the Umbrella Group and the Environmental Integrity Group. In their views, the discussions on NMM and FVA historically predates the Durban process and should hence be continued independently from it.

While the position of Brazil, China and others does have some justification, it is also likely that it is motivated to some extent by tactical considerations. Brazil and China may want to hold back the market discussions in order to save them as a clean development mechanism bargaining chip for last minute deals in Paris. Historically, the clean development mechanism (CDM) had been created in just such a last minute move in Kyoto in 1997.

Parties were also not able to build on the advancements regarding CDM modalities and procedures that had been achieved in the intersessional meeting of the subsidiary bodies in June 2014. It was not possible to reach consensus on how to proceed with those issues on which disagreement prevails and discussions under this item ended with the decision to continue negotiations at the next meeting of the subsidiary body of implementation in June 2015. The lack of progress further aggravates the crisis of international carbon markets in the framework of the UNFCCC.

The necessity to reform the CDM was already iterated by countries in their opening statements as well as in the CMP plenary. The annual CDM guidance document focuses mainly on streamlining standards and procedures of the CDM project cycle. For example, revisions of baseline and monitoring methodologies are now possible without reference to a concrete project activity. Also, validations of monitoring plans can now take place together with the first verification of emissions reductions. The de-registration of CDM project activities is now endorsed by the CMP. This step is necessary in order to avoid the double counting of emissions reductions for CDM projects that intend to qualify for the Chinese Certified Emissions Reductions Scheme (CCER).

Negotiations on options for building a net mitigation component into the CDM were not successful in reaching an agreement among Parties. This would have meant a departure from the current 'zero-sum game' concept of the mechanism, meaning that the exact amount of GHG emissions in Annex I countries needs to be offset by GHG reductions of the same amount in non-Annex I countries. Options to go beyond this scenario, resulting in a net GHG mitigation effect, could extend to conservative baselines, shortened crediting periods, discounting and voluntary cancellation of CERs. However, though alternative text was suggested and discussed line by line various times, the issue could not be included in the final decision.

A further bone of contention centred on the monitoring of sustainable development effects of CDM projects as

well as stakeholder consultation and the establishment of a grievance mechanism. Currently, the use of the CDM Executive Board's sustainable development tool is voluntary. While particularly the EU and St Lucia made a strong case for the monitoring of sustainable development effects in the beginning, their proposals met with strong opposition from China, Brazil and India. In the end, most of the text proposed on these issues was deleted as no consensus could be found. The final decision merely requests the Executive Board to 'publish its procedure for dealing with communications from stakeholders'.¹⁰

Assessment: what can we expect from Paris, what do we need and are there ways beyond Paris?

Overall, COP20 in Lima can be viewed rather critically, but it also marked a number of positive developments. While it was dominated by the usual struggle between industrialised and developing countries, these are not two monolithic blocs anymore. Not only the most vulnerable countries but also AILAC and Brazil put their mark on the proceedings by submitting constructive proposals. The capitalisation of the Green Climate Fund was also supported by a number of developing countries before and during the conference. Apart from the emerging economies Mexico and South Korea, this also included Indonesia, Columbia, Mongolia, Panama, and Peru.

The debut of the multilateral assessment of industrialised countries' 2020 pledges struck another positive note. Parties as well as observer organisations stressed the importance of the assessments in building confidence and trust among Parties for future negotiations on the 2015 agreement. The ADP Workstream 2 negotiations on enhancing pre-2020 ambition can also be considered successful. The stalemate of the UNFCCC is increasingly out of sync with positive developments on the ground such as the enormous reduction of prices for renewable energy technologies and their strong uptake not only in industrialised but increasingly in emerging and developing countries. The continuation of the technical expert meetings and an improved focus towards implementation under Workstream 2 could well be a place at which such positive experiences with climate change mitigation can create resonance within the UNFCCC regime and create a momentum for more ambitious mitigation commitments.

Lima also carried out the main task it was supposed to – it will 'bring us to Paris', as it was formulated afterwards by the German Under-Secretary of State Jochen Flasbarth. The 'Lima Call' also stipulates that there may be no backsliding of countries, their contributions to the Paris agreement need to mark a progression beyond their current undertakings. This is an important starting point for the discussions of what has been called a ratcheting-up mechanism, a mechanism which would ensure that in future iterations of the commitment cycle, parties will gradually

¹⁰ Decision -/CMP.10 'Guidance relating to the clean development mechanism'.

increase the level of ambition of their mitigation commitments. Of particular importance for such a mechanism is that parties must not use the occasion of new commitments to backtrack from their earlier commitments. Provisions for such a mechanism are also included in the 'Elements for a draft negotiation text' that has been attached to the 'Lima Call for Climate Action'.

Not much more can be said, however, of the main task relating to the new agreement. This is a pretty meagre result, even compared with the already quite low expectations regarding the new Paris agreement. One should remember that in contrast to the Kyoto Protocol with its internationally negotiated and legally binding targets, the negotiations at the moment centre around voluntary pledges, of whatever kind, time-frame and period, which will or will not be reviewed, and by whom is not clear.

This was called by some delegates a system of 'pledge and chat' – one might even say 'pledge and see what happens'. Even the most die-hard supporters of this system are not arguing that it will close the 'emissions gap' – the gap between the current pledges and the reductions required to keep the world below 2°C warming. It has thus become increasingly obvious that the UNFCCC regime as it is designed now is not delivering what it is supposed to do according to Article 2 – to prevent a dangerous anthropogenic interference with the climate system.

It therefore appears to be necessary to supplement the system by forging an alliance of countries that want substantial progress on climate protection – an alliance of the ambitious, or a forerunner club.¹¹ This could theoretically be done by way of a special protocol, but because of the consensus rule governing the UNFCCC it can probably in practice only be established outside of the regime. Such a club of forerunners could help to inject some of the much-needed dynamic that is required to bring the world onto a path compatible with its ecological limits. It might also be the place where forerunners could develop and gather practical experience with multidimensional commitments that go beyond the narrow focus on GHG emissions only. The EU with its integrated 2020 climate and energy package (20% renewables, 20% GHG reduction, 20% increase in energy efficiency) is one example for this approach.¹²

Even when assessed against only the low expectations, COP20 in Lima did not fulfill many of them. It has neither produced a time-table for the submission of INDCs, nor has it agreed on a communication format. Moreover, regarding the contents of the INDCs, the Lima decision brought about an absolute minimum of guidance only,

which will make it extremely difficult to compare and assess the submissions of Parties. Also, the ex-ante 'review' part of the 'pledge and review' system was largely abandoned, which is going to make external assessment even more complicated.

The Lima COP20 also did not agree on a common timeframe for the INDCs. While the USA and others advocated for a 2025 timeframe, the EU, China and others stuck to their position that INDCs should be referenced to 2030, despite the commonly shared expectation that most INDCs will not be compatible with the 2°C target. Another aspect is that one key function of the UNFCCC is to create moments of concentrated public attention and political pressure. It is doubtful whether events like the joint Sino-US announcement would be occurring if there was not a new agreement to negotiate. In addition, one may hope that the globally increasing share of renewable energies and other climate-friendly solutions will create new momentum on the ground. These dynamics should then be brought back into the UNFCCC, but this would require having a political entry point, preferably a new round of negotiated contributions. If a climate club of forerunners was created, it would also require such an entry point to stimulate the UNFCCC regime. The climate would certainly be much better served by having five-year instead of ten-year intervals between such entry points.

The EU and others suggest that these functions could be fulfilled by complementing the 2030 timeframe with interim reviews in order to strengthen the level of ambition along the way, and the 'elements text' does contain options for such a review and enhancement mechanism. However, the experience has so far been that targets are unmovable once they have been set internationally. The EU itself is the prime example, having achieved its 2020 target seven years ahead of schedule but nonetheless being unwilling to strengthen it. Experience suggests that contributions are only negotiated in earnest when they expire and need to be replaced with new ones. A 2025 timeframe as advocated by the USA and others would therefore be a much better guarantee against locking in insufficient levels of ambition for a long time, and also much better for creating entry points for new momentum. Paris should address this omission left by Lima by specifying five-year cycles of contributions.

All in all, the promise of fresh momentum, of changed tides after the US-China announcement and the successful capitalisation of the Green Climate Fund has not been borne out. This became particularly visible in the removal of loss and damage from the ADP decision, which many perceived as a slap in the face for AOSIS and the LDCs. Not engaging with the key demands of the poorest and most vulnerable countries is surely not a way to revive the Durban coalition of the EU, AOSIS, the LDCs and others which extracted the mandate to start negotiations on the 2015 agreement from the reluctant trio of the US, China and India.

In summary, the UNFCCC negotiations significantly trail behind the pace that is needed to achieve a meaningful agreement in Paris. While everyone acknowledges

¹¹ See the guest article by Hermann Ott on the IISD website: <http://climate-iisd.org/guest-articles/why-we-need-climate-clubs-a-second-track-climate-strategy/>.

¹² On multidimensional commitments, see Sterk, W., Beuermann, C., Dienst, C., Hillebrandt, K., Hermwille, L., Lechtenböhmer, S., Luhmann, H., Mersmann, F., Samadi, S., Thomas, S. und Wehnert, T. (2013b): Submission to the Ad Hoc Working Group on the Durban Platform for Enhanced Action, Workstream 1: The 2015 Agreement. Internet: http://wupperinst.org/uploads/tx_wupperinst/ADPWS1SubmissionWuppertalInstitute.pdf Wuppertal: Wuppertal Institute. See also Höhne, N., Li, L., Larkin, J. 2014. 'Characteristics of Mitigation Commitments.' Working Paper: Washington, DC: Agreement for Climate Transformation 2015 (ACT 2015).

that climate policy is widely off track, three years of ADP negotiations have so far not had the result of narrowing down the fundamental differences between countries, as reflected in the 'elements' text with its myriad of options. However, there is still one year and several rounds of negotiations left until the Paris conference. Governments now

need to stop dragging their feet, pull up their socks and turn their current snails' pace into the sprint that will be necessary to meet the finishing line.

The Wuppertal Institute will publish a more detailed analysis of the conference on its website in February 2015.